

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-06 NEA-10 IO-10 ISO-00 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 OIC-02 /126 W

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R 301810Z MAY 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 125

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

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C O R R R E C T E D C O P Y (NUMBERED PARA 4(B) & (C) ADDED)

PASS STR

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: MTN: MTN SUBGROUP MEETING ON CUSTOMS MATTERS

1. SUMMARY. MEETING NOTABLE FOR LACK OF SPECIFIC CRITICISM OF US, CANADIAN AND OTHER COUNTRIES CUSTOMS PRACTICES THAT ARE SUBJECT OF COMPLAINTS. SUBGROUP STRONGLY SUPPORTED US PROPOSAL TO ABOLISH CONSULAR FORMALITIES AND FEES IN MTN. WORK OF CUSTOMS COOPERATION COUNCIL (CCC) AND ECONOMIC COMMISSION FOR EUROPE (ECE) ON CUSTOMS VALUATION, CUSTOMS NOMENCLATURE, IMPORT DOCUMENTATION, AND CUSTOMS PROCEDURES ALSO SUPPORTED. END SUMMARY.

2. MTN SUBGROUP ON CUSTOMS MATTERS MET MAY 20-26 WITH LINDEN (GATT SECRETARIAT) AS TEMPORARY CHAIRMAN. UNCTAD AND CCC OBSERVERS INVITED. DISCUSSION DOMINATED BY TRILATERAL EXCHANGE AMONG EC, US AND CANADA. JAPAN VIRTUALLY SILENT ON ALL ISSUES. GENERAL LACK OF LDC PARTICIPATION MAY BE EXPLAINED IN PART BY COMPETING COMMITTEE ON TRADE AND DEVELOPMENT AND OTHER MEETINGS.

3. CUSTOMS VALUATION.

(A) SUBGROUP DISCUSSION BASED ON MTN/MTN/W/7, WHICH INCLUDES DRAFT PRINCIPLES AND INTERPRETATIVE NOTES ON VALUATION WORKED OUT BY COMMITTEE ON TRADE IN INDUSTRIAL PRODUCTS (CTIP). HOWEVER, ONLY JAPAN WAS INTERESTED IN DISCUSSING INTERPRETATIVE NOTES. EC AND MOST OTHER DELEGATIONS PREFERRED FOCUSING ON BRUSSELS DEFINITION OF VALUE (BDV), WHICH USED BY NINETY COUNTRIES. NO DISCUSSION OF SPECIFIC US VALUATION PRACTICES. ONLY INDIA REFERRED TO ASP AND "FINAL LIST" WAS NEVER MENTIONED.

(B) BDV. EC (CHUMAS, FORMER CHAIRMAN, CCC HARMON-LIMITED OFFICIAL USE

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IZED SYSTEM COMMITTEE) MADE LOW-KEY PRESENTATION AIMED AT ENCOURAGING WORK ON BDV. US (KELLY) TOOK POSITION THAT DIFFERENT VALUATION SYSTEMS DO NOT, PER SE, CONSTITUTE NTBS. US DID NOT REGARD BDV AS AN NTB BUT, ALONG WITH CANADA (GREY), CRITICIZED "NOTIONAL" CONCEPT OF BDV, ARBITRARY UPLIFT PRACTICES AND LACK OF PROVISIONS FOR JUDICIAL APPEAL. CANADA ALSO STRESSED LACK OF PUBLICATION OF ADMINISTRATIVE PROCEDURES AS MAJOR

PROBLEM. EC AND NORDICS TOOK NOTE OF CRITICISM AND INDICATED WILLINGNESS TO CONSIDER THESE AND OTHER POSSIBLE CHANGES TO BDV.

(C) F.O.B. OPTION TO BDV. IN MARCH 1974 CCC RECOMMENDED THAT FUTURE ACCEDING COUNTRIES COULD ADHERE TO BDV ON F.O.B., AS OPPOSED TO C.I.F., BASIS. US ASKED BDV COUNTRIES WHEN THEY MIGHT ADOPT CCC RECOMMENDATION, WHICH HAS BEEN ACCEPTED BY ONLY TEN OF THE NECESSARY THIRTY MEMBERS TO BECOME EFFECTIVE. EC, NORDIC COUNTRIES AN AUSTRIA, SPAIN, ANDEAN GROUP, KOREA AND HONG KONG INDICATED THEIR INTENTION TO RATIFY FOB RECOMMENDATION. JAPAN STATED DIET COULD NOT REVIEW ISSUE UNTIL SPRING 1976 BUT PREDICTED APPROVAL. NO RESERVATIONS EXPRESSED BY ANY OF CCC MEMBERS PRESENT.

(D) RECIPROCITY. US REITERATED POSITION TAKEN IN CTIP (MTN/MTN/W/7, PAGE 18) THAT ANY CHANGES IN US VALUATION SYSTEM WOULD REQUIRE OBTAINING RECIPROCITY IN OTHER ASPECTS OF THE MTN. CANADA, AUSTRALIA AND NEW ZEALAND SUPPORTED US STATEMENT THAT "THERE IS NO SUCH THING AS A FREE LUNCH." EC RESPONDED THAT THEY ACCEPTED "NO-FREE-LUNCH" PRINCIPLE AND WOULD LOOK AT QUESTION OF RECIPROCITY FOR VALUATION CHANGES IN GLOBAL CONTEXT OF MTN, BUT LATER ATTEMPTED TO OMIT THIS RESPONSE FROM CHAIRMAN'S SUMMING-UP OF MEETING.

(E) FUTURE WORK. EC PROPOSED AND SUBGROUP AGREED THAT DELS SHOULD SUBMIT TO GATT SECRETARIAT, BY SEPTEMBER 15, DETAILED COMMENTS ON THE MAIN ELEMENTS THAT THEY WANT TO ENCLUDE IN ANY NEW INTERNATIONAL RULES OF CUSTOMS VALUATION TO BE ADOPTED IN THE CONTEXT OF THE MTN. GENERAL UNDERSTANDING IS THAT COMMENTS WOULD FOCUS ON LIMITED OFFICIAL USE

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BDV AND CTIP DRAFT INTERPRETATIVE NOTES.

4. CUSTOMS NOMENCLATURE.

(A) EC STATES THAT 132 COUNTRIES PRESENTLY APPLY BRUSSELS TARIFF NOMENCLATURE (BTN) AND QUESTIONED WHY REMAINING COUNTRIES FAIL TO DO SO. EC NOTED THAT SOME OF THESE COUNTRIES CRITICIZE THE BTN IN GENERAL TERMS AND STRONGLY URGED THAT SPECIFIC PROPOSALS TO IMPROVE THE BTN BE SUBMITTED TO THE CCC AT EARLIEST POSSIBLE DATE

"(B) U.S., SUPPORTED BY CANADA, STATED THAT DIFFERENT TARIFF NOMENCLATURES DO NOT, IN AND OF THEMSELVES, CONSTITUTE NTBS AND THAT PRESENT BTN IS ANTIQUATED. U.S. QUOTED CCC MEMO, STATING THAT BTN

"IS CLEARLY CONDEMNED TO DISAPPEAR IN THE NEAR FUTURE
IF A DETERMINED EFFORT IS NOT MADE TO REVISE IT,"
AND PROPOSED THAT SUBGROUP SUPPORT ONGOING WORK IN
CCC'S HARMONIZED SYSTEM COMMITTEE TO DEVELOP A HAR-
MONIZED COMMODITY DESCRIPTION AND CODING SYSTEM TO
MEET MODERN TARIFF AND OTHER NOMENCLATURE SYSTEM, CUSTOMS
REGULATIONS SHOULD PROVIDE POTENTIAL IMPORTERS WITH
BINDING TARIFF DECISIONS AND WITH PROCEDURES FOR APPEAL
TO AN INDEPENDENT BODY IN CUSTOMS CLASSIFICATION
DECISIONS.

(C) CANADA STATED THAT, ALTHOUGH ITS TARIFF NOMEN-
CLATURE IS MOST COMPLEX IN WORLD, IT IS NOT UNDULY
COMPLEX, AND THAT CANADA WOULD EXPECT COMPENSATION IF
THIS SYSTEM WERE CHANGED. FURTHER MORE, ANY MAJOR
CHANGE IN U.S. NOMENCLATURE WOULD CREATE SUBSTANTIAL
UNCERTAINTY FOR CANADIAN EXPORTERS AND WOULD ALSO
REQUIRE PAYMENT TO CANADA UNDER ARTICLE XXVIII OF GATT.
IN RESPONSE TO CANADIAN QUESTION, INDIA INDICATED ITS
WILLINGNESS TO ADHERE TO PROVISIONS OF ARTICLE XXVIII
IN ITS CURRENT ADOPTION OF BTN.

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COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 OIC-02

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R 301810Z MAY 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 126

AMEMBASSY BONN

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(D) SUBGROUP GENERALLY AGREED THAT WORK UNDER WAY IN CCC ON DEVELOPMENT OF HARMONIZED COMMODITY CODE PROVIDED A SIGNIFICANT OPPORTUNITY FOR DEVELOPMENT OF A MODERNIZED INTERNATIONAL NOMENCLATURE. FURTHERMORE, THOSE COUNTRIES THAT URGED ADOPTION OF BTN INDICATED THEIR WILLINGNESS TO EXAMINE AMENDMENTS TO THIS NOMENCLATURE.

5. IMPORT DOCUMENTATION.

(A) US SUPPORTED SIMPLIFICATION AND HARMONIZATION OF IMPORT DOCUMENTATION BUT SUGGESTED THAT THIS CANNOT BE ACCOMPLISHED THROUGH TECHNICAL CHANGES ALONE SINCE SOME DOCUMENTATION REQUIREMENTS RELATE TO AREAS, SUCH AS VALUATION AND COUNTERVAILING DUTIES, WHERE STRUCTURAL REFORM WOULD ALSO BE NECESSARY. US URGED THAT SUBGROUP SUPPORT EXPERT LEVEL WORK BEING CARRIED OUT IN CCC AND ECA.

(B) EC AGREED THAT TECHNICAL WORK ON IMPORT DOCUMENTATION SHOULD PROCEED IN CCC AND ECE BUT PROPOSED THAT SUBGROUP FOCUS ON EXCESSIVE INFORMATION REQUIREMENTS AND CONSULAR FORMALITIES. IN A PATHETIC DISCUSSION ON EXCESSIVE INFORMATION REQUIREMENTS, NORDICS STATES THAT ONLY COMMERCIAL INVOICES, NOT CUSTOMS (READ US FORM 5515), SHOULD BE USED FOR CUSTOMS PURPOSES. NORDICS ALSO SUPPORTED WORK IN CCC AND ECE

AND URGED IMPLEMENTATION OF KYOTO CONVENTION ON THE
SIMPLIFICATION AND HARMONIZATION OF CUSTOMS PROCEDURES.

(C) SUBGROUP GENERALLY AGREED THAT INFORMATION
REQUIREMENTS SHOULD BE LIMITED AS MUCH AS POSSIBLE
AND THAT DELEGATIONS SHOULD SUBMIT LISTS OF WHAT THEY
REGARD AS EXCESSING INFORMATION REQUIREMENTS TO GATT
SECRETARIAT BY SEPT 15. SECRETARIAT WILL
COMPLIE SUBMISSIONS, WHICH WILL THEN BE DISCUSSED
AT NEXT MEETING.

6. CONSULAR FORMALITIES.

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IN HIGHLY ONE-SIDES DISCUSSION, US, EC, CANADA,
JAPAN, NORDICS, AUSTRIA, AUSTRALIA AND HONG KONG URGER
ELIMINATION OF CONSULAR FORMALITIES AND FEES UND
STRONGLY SUPPORTED DRAFT INTERPRETATIVE NOTE TO ARTICLE
VIII, PREVIOUSLY TABLED BY US, WHICH REQUIRES SUCH
ELIMINATION. US PROPOSED THAT NEGOTIATING CREDIT
BE GIVEN THOSE COUNTRIES ELIMINATING CONSULAR FORMALITIES
AND FEES. ONLY SPAIN (CITING REPRESSION OF SMUGGLING),
ARGENTIAN AND NIGERIA EXPRESSED RESERVATIONS ON INTER-
PRETATIVE NOTE. SUBGROUP INVITED COUNTRIES MAINTAINING
CONSULAR FORMALITIES TO EXPLAN IN DETAIL AT NEXT
MEETING WITH THE JUSTIFICATION FOR THEIR USE AND ANY PROBLEMS
ASSOCIATED WITH THEIR ABOLITION.

7. CUSTOMS PROCEDURES.

(A) CANADA INDICATED CONCERN WITH CERTAIN PRAVTICES,
PARTICULARLY THOSE OF US, REGARDING UNREASONABLE
DELAYS IN FORMAL CUSTOMS CLEARANCE AND EXCESSING
PENALTIES FOR ERRORS IN CUSTOMS DOCUMENTATION.
CANADA PROPOSED THAT SUCH PROBLEMS WOULD BEST BE
SOLVED BY INTERPRETATIVE NOTES TO ARTICLE VIII OF
GATT.

(B) SEVARAL DELS, INCLUDING EC, NORDICS AND US,
EXPRESSED VIEW THAT PROBLEMS OF CUSTOMS PROCEDURES
MIGHT BEST BE SOLVED BY APPLICATION OF GENERAL RULES
LIKE THOSE INCLUDED IN KYOTO CONVENTION. IN RESPONSE
TO CANADA, US STATED THAT PHYSICAL CLEARANCE
OF GOODS THROUGH US CUSTOMS IS "BEST IN WORLD" AND
INVITED CANADA TO TAKE UP ANY SPECIFIC COMPLAINTS
BILATERALLY WITH US BUREAU OF CUSTOMS.

(C) SUBGROUP AGREED TO REVERT TO THIS QUESTION.
IN THIS CONNECTION, CANADA INDICATED ITS INTENTION

TO MAKE SPECIFIC PROPOSALS FOR CONSIDERATION AT NEXT
MEETING, WHICH EXPECTED IN LATE OCTOBER.

8. DELEGATION COMMENT: CONTRARY TO EXPECTATION,
US AND CANADA NOT SUBJECTED TO ATTACKS ON CUSTOMS
PRACTICES THAT HAVE CHARACTERIZED PREVIOUS MEETINGS.
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EC TOOK CONSTRUCTIVE APPROACH AND ENCOURAGED ACTIVE
PARTICIPATION IN CCC ON THESE MATTERS, PARTICULARLY IN
LIGHT OF EXTENSIVE WORK ALREADY TAKEN AND NOW UNDER WAY
ON LAUATION, NOMENCLATURE AND PROCEDURE. US DEL
BELIEVES THIS FORTHCOMING EC ATTITUDE SHOULD BE
EXPLOITED THROUGH ACTIVE US INVOLVEMENT IN CCC EFFORTS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CUSTOMS DUTIES, TARIFF LAW, COMMITTEE MEETINGS, MEETING PROCEEDINGS, MEETING OBSERVERS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MTNGE04080
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750197-0126, D750190-0242
From: MTN GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975055/aaaaaelr.tel
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